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News Section

Report on the Economy Crusade: A swelling flood of demands from the country to cut the Eisenhower Budget — exceeding all such letters-to-Congress phenomena in recent years — has engulfed Capitol Hill and inspired the Legislative branch to brave words and even braver actions. The protest increases day by day and outweighs other issues — such as sanctions, the Middle East resolution, civil rights — in the minds of Congressmen. The crusade is now well launched, as evidenced in many ways:

(1) The lower house — once dubbed the world's "greatest organized inferiority complex" — has set out to shame the Senate in a race for economy. It has passed two "money" bills and slashed both of them sharply — last week reducing the Postal bill by two per cent, this week the Interior bill by 12 per cent.

(2) Economy advocates are raising their demands. Senator Byrd last week asked for a \$5 billion cut; this week Representative Miller (R.-Nebr.) assured Congress that \$8 billion could be pared from the Budget.

(3) The Ohio Republican House delegation of 23 members on February 25 pledged themselves to support a "substantial reduction" in the Ike Budget. This is the first such delegation announcement of the session, indeed of its kind for many years, and is expected to inspire similar action by others. It was prompted by grass-roots sentiment. Representative Clarence Brown of this group told HUMAN EVENTS: "We thought it might be a good idea to let the people back home know where we stand. . . . This is a real revolt against spending. People in all walks of life are fed up."

(4) A striking fact (which convinces cynics that this is no vain cause) is that the Democrats are trying to lead the procession. Old spenders like Democratic Floor Leader John McCormack and Appropriations Chairman Clarence Cannon vie with conservative Republicans in their ardor for economy. One Republican remarked: "They [the Democrats] are out to make a record for economy. They read their mail from home."

(5) Republican National Chairman Meade Alcorn ran smack into some combustible feeling on

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the subject at the Western regional meeting of GOP state chairmen (18 states represented) in Chicago last week. The Wisconsin chairman told Alcorn that his people are "shocked and discouraged" by the size of the Federal Budget and demanded "major surgery." The Utah chairman said: "Voters are upset over foreign spending"; and the Colorado chairman remarked that the Budget ought to be cut by about \$5 billion. Similar echoes came from the rest of the meeting. Alcorn reportedly came right back to Washington to see the President and tell what he had heard.

From a reliable informant, we learn that, behind closed doors, the 18 chairmen conducted a poll among themselves on the issue of supporting the President's Federal Aid to Education bill. The outcome was 16 "against," only two "for."

(6) Were the above demands simply a regional protest for cuts in areas other than the farming Midwest? Scarcely — for Clark B. Shuman, President of the American Farm Bureau Federation, largest of the farm groups, on February 25 called for an across-the-board Budget cut and said agriculture is willing to accept its share of the cut.

(7) Meanwhile, Roswell Magill of the Tax Foundation comes to assure Congress that it can make nearly \$5 billion available for tax and debt reduction, by holding the proposed spending in fiscal 1958 to the current fiscal year's level. Estimated Budget receipts of \$73.6 billion, he said, would leave about \$4.7 billion available for debt and tax reduction.

Signs and portents increase. At the George Washington Banquet of the Good Government Society here, those present laughed as one speaker, Representative William Colmer (D.-Miss) strongly criticized the Administration's spending Budget, while the Administration's representative to the dinner, Under Secretary of the Treasury Randolph Burgess, sat listening glumly beside him at the speaker's table.

At a White House dinner recently, the President strolled over to a group of a half-dozen Senators and asked them what they were discussing with so much animation. "The Budget," they chorused.

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"What's the matter with it?" he queried. "It's too high." The President smiled and said, "Well, for heavens sake, cut it, go ahead and cut it." The Senators were not too much amused.

For veteran observers — like Senators — do not deceive themselves that cutting will be an easy task. Ahead lies the swollen Health-Education-Welfare budget and the "pork barrel" Public Works budget (containing over \$1 billion in requests, mostly "pork"). The "special interests" will become bolder and more desperate to offset the effects of the grass-roots economy letter writing to Congress. Only a constantly swelling demand for cuts can swamp the special interests and push through the Budget reductions on Capitol Hill.

Hence, economy advocates talk of the necessity for forming "vigilante committees" in the constituencies and of creating a national committee to combat inflation by shearing the Budget. Behind closed doors this week leaders are seeking ways to intensify the campaign to back up economy-minded members of Congress in their own bailiwicks.

Crusade Against the U.N.: Press observers in the Capital, normally sophisticated about popular movements, are vastly impressed by the groundswell of opinion that has formed behind "The Knowland Doctrine" (see HUMAN EVENTS for February 16, 1957). Knowland's declaration that America cannot support an "international justice" that imposes one law for the large aggressor, another for the small, has received virtually unanimous backing from Congress, the public, and the press. Opposition to U.N. sanctions against Israel — while Russia goes unchastised for the murder of Hungary and India for its annexation of Kashmir — has arisen from every conceivable quarter. And this is what impresses most: this powerful build up of sentiment is not Republican or Democratic, liberal or conservative. It cuts across party lines and unites people opposed on other questions.

Where, it is asked, will these explosive pressures find their focus? The answer seems to be — the U.N. The "moral bankruptcy" of the U.N., long denounced by conservatives, is now, in the wake of the Mideastern debacle, a common theme among powerful groups in the liberal camp. Foremost among these, it is noted, are the Anglophiles and the Zionists. A wave of feeling that ranges these groups alongside conservative U.N. opponents of long standing, it is believed, might well bring American withdrawal from the international organization.

As the "sanctions" issue stirs these speculations, both conservatives and liberals (however much the

latter may dislike him) look to the author of the "single standard" doctrine, Senator Knowland, as their leader. The crusade against the United Nations, it is said, might well take its text from Knowland's blistering appraisal of the U.N. at Georgetown University last month: "Our foreign policy is an American policy and . . . will not be tied as a tail to a United Nations kite."

Stassen: Harold Stassen is finished — so believe experts who were busy testing the political winds last week. Two developments particularly are cited as evidence that the former "boy wonder" is now a political corpse:

(1) Stassen's cabinet-rank desk ("Secretary of Peace") was snatched out from under him last week. "Disarmament," formerly Stassen's private bailiwick, is now being moved into the State Department. It is known that Dulles has long been exasperated with Stassen's conduct in this specially created office.

(2) Following Childe Harold's announcement that he will seek the Republican gubernatorial nomination in Pennsylvania, the Philadelphia *Inquirer* conducted a poll which encompassed local Republican leaders in the state. The results: "Do you find sentiment in your area for Stassen as a candidate for the Republican nomination for governor in 1958?" (No, 210; Yes, 5); "Would he be a desirable candidate for the Republican nomination for governor?" (No, 208; Yes, 8).

Appointment Frustration: Formal nomination of David K. E. Bruce to be U.S. Ambassador to West Germany this week brought into the open the smoldering subsurface unhappiness of Republican Senators over recent Eisenhower appointments.

Bruce was listed in the recent Senate Elections and Privileges Subcommittee report as having contributed \$1,500 to the Democratic cause last fall. He was an active Truman worker, and served under the Missourian as Assistant Secretary of Commerce, E.C.A. (Economic Cooperation Administration) Director for France, Ambassador to France and finally Under Secretary of State. He is the scion of a long-prominent family of Maryland Democratic leaders.

Senator George Aiken of Vermont, who in the days before the birth of "Modern Republicanism" was regarded as a "liberal" Republican, says his GOP colleagues are "incensed" by appointment "of another Democratic campaign contributor."

The Administration, he says, "asks us to defend Secretary Dulles and the President when they are criticized by Democrats. But every time there is

an important job to be filled they give it to a Democrat."

Maryland's GOP Senator Butler adds that "I don't think it's a good practice to appoint Democrats to these jobs when there are plenty of Republicans capable of filling them."

Some grumblings also are heard over the President's nomination of Amory Houghton, chairman of the Board of the Corning (N. Y.) Glass Works, to be Ambassador to France.

These are based on the propriety of the "clean as a hound's tooth" Administration giving such an important post to the head of a company which since 1939 has been involved in one criminal and five civil anti-trust actions brought by the Department of Justice. It also is recalled that when Dr. E. U. Condon quit his job as head of the Bureau of Standards while under fire of the House Un-American Activities Committee in 1951, he went to Corning Glass as its Director of Research.

Business Rebels: The revolt against Big Spending is still generating concern within the Administration. The signs indicate more than ever that a split is coming between the "new Republicans" and the American business community. Writing in the emphatically pro-Ike *New York Herald-Tribune*, financial columnist Donald I. Rogers comments on this phenomenon in an article headed "Business Breaks with Ike."

"The American businessman's sudden and unexpected break with the Eisenhower administration," Rogers notes, "at first did not bother the White House but has now reached such proportions as to cause much scurrying among staffers." Businessmen, Rogers continues, know that when wages climb, so must prices. And they fear that, should the President make good on his warning to invoke controls, wages will go untouched and prices will be made the goat, catching business between the upper and the nether millstones. "Big unions," Rogers concludes, "are driving an effective wedge between business and the first 'business-conscious' President in a generation."

Anti-Defamation League: Attorney Will Gerber has advised the national chairman of the Anti-Defamation League to stick to his business and let the "NAACP take care of the Negroes" — according to an A.P. dispatch from Memphis, the attorney's home town.

Gerber was chief counsel of a House subcommittee which — in a hotly controversial report — recommended that the District of Columbia schools return to racial segregation. The report claimed

that many evils had arisen from the desegregation of the schools of the District.

The Anti-Defamation League chairman, Henry E. Schultz of New York, said on February 17 that the subcommittee report was "one-sided and negative." The League, which is a subsidiary of the Order of B'nai B'rith, has released its own report on integration in the District of Columbia, terming it a "miracle in social adjustment."

"The Anti-Defamation League was created for the purpose of preventing the defamation of Jews," said Gerber. "If you will let the NAACP [National Association for the Advancement of the Colored People] take care of the Negroes and confine the best efforts of the Anti-Defamation League along the line for which it was created, we will all be much better off."

Gerber, who is a Jew, said his letter was aimed at Schultz's "continued meddling in this highly controversial matter in the name of the Anti-Defamation League . . . which is resented by thousands of American Jews."

Labor Front: The colorful McClellan Committee hearings, exposing racketeering activities in labor unions, is performing a very necessary task in directing the spotlight now on gangsters, prostitutes and gamblers. Thus, it drives home in the mass public mind how far labor unions have strayed from their original purposes in the past 20 years. However, after this phase of investigation, the committee will show that many groups other than the Teamsters are involved, and aspects other than crime and vice will come to the fore in the hearings soon.

When Senator McClellan turns his klieg lights on the "liberal" unions (rather than the A.F.L.), he will bring out (it is expected) how far the unions have departed from their fundamental duty, namely to improve the collective bargaining position of their members. The past week, this question arose when Senators learned how Teamsters officials provided money for "friends" to start a tavern. What had that to do with "collective bargaining"? And what service did that perform for the members who provided the dues money?

Such probing questions will arise — it is predicted — when McClellan goes into the strange doings of "liberal" Dubinsky, CIO's Hillman and other "liberal" potentates. Such as, how did Dubinsky's gift — a few years ago — of \$10 million to Israel from his union funds advance the collective bargaining of his garment workers in this country? How did a large sum of money given by the

CIO Amalgamated Clothing Workers to Italy assist its members in Manhattan? And — bringing the story right up to date — how about the methods used recently by President David McDonald of the United Steel Workers to prevent a union rival from unseating him in a union “election”? The public — it is anticipated — will receive an education about union activities which will not be confined merely to connections between madams, hoodlums and union officials.

Racketeering: Michigan’s Democratic Senator Pat McNamara, himself a union member and elected with strong union support, already is demonstrating that his role on the special Senate Committee investigating labor racketeering is that of guardian and protector of unions called into question.

One of several examples: At one point in the testimony of James B. Elkins, Portland gambler who has been star witness in the committee’s initial hearings, McNamara broke in to ask Elkins whether he knew definitely that one Thomas E. Maloney was connected with the Teamsters Union. Elkins had identified Maloney as one of two men sent by Teamsters officials to Portland to take over various illegal activities.

Elkins said Maloney and the other man, Joseph P. McLaughlin, had been introduced to him by a union official who told him to cooperate with them, and that they both made numerous telephone calls to Frank Brewster, vice president of the Teamsters. Altogether, he said, “it was enough for me” and he accepted them as representing the union.

McNamara, however, insisted that in fairness to the union the two should not be referred to as connected in any way with the Teamsters unless the connection was definitely proved.

Committee Counsel Robert Kennedy obliged by having a staff investigator put in the record 16 documents, mostly hotel registrations and bills, but including some others, in which Maloney was identified as an employee of the Teamsters’ Union. Most of the hotel bills for himself and McLaughlin were paid by the union, during the time when they were in Portland talking with Elkins and others about taking over and expanding gambling, prostitution and other illegal activities.

Debunking the Federal Aid Crisis: The testimony of William M. Adams before the House Subcommittee on General Education last week — in the opinion of committee staffmen who sat in — thoroughly exploded the already feeble argument of Federal Aid to Schools enthusiasts.

Adams — president of Braun, Bosworth & Co., which deals in state and city bonds — commented on the Office of Education estimate that approximately 70,000 new classrooms would be built during the 1956-57 school year. Since October 1, 1956, when that estimate was made, he said, over \$680 million worth of bonds have been issued for the purpose of school construction. These and other funds, Adams noted, indicated a rate of construction well beyond the Office of Education’s estimate for the current school year: for the coming school year, the rate of bond issue indicates construction of over 96,000 classrooms. “These figures,” he commented, “show that there is no crisis in classroom construction and that state and local agencies are rapidly providing the needed classrooms.”

Adams also evaluated the “panic-starting” figure of “159,000 classrooms needed” being emphasized by proponents of Federal aid. He broke the 159,000 down as follows: the estimates totalling 80,000 classrooms needed to handle enrollment “beyond normal capacity,” he said, were made with an eye to securing maximum Federal aid, and “are probably inflated in some cases above actual need”; of the 79,000 classrooms desired to replace “unsatisfactory facilities,” he remarked that “classrooms have been reported as ‘unsatisfactory’ in some states even though the facilities are in accordance with *local* classroom standards,” while in other states they are automatically called “unsatisfactory” after a certain period of time, even though here is nothing wrong with them. (See HUMAN EVENTS for February 23, 1957.)

Letter from CHARLES A. WILLOUGHBY, Major General, U.S. Army (Retd.): “HUMAN EVENTS is a shrewd appraisal of the complicated maneuvers in Washington, D. C., and a healthy antidote to the systematic ‘brainwashing’ of the American public by proponents of state socialism and World Government.”

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The Declaration of Independence opens: “When in the course of HUMAN EVENTS . . .”

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Article Section

In this article, James L. Wick, executive publisher of HUMAN EVENTS, shows that the purchase of gold, diamonds, farmland and common stocks as "inflation-hedges" can be grievously disappointing. He also shows that, paradoxically, going heavily into debt, EVEN DURING A SPIRALLING INFLATION, can put the borrower into bankruptcy. Therefore, the prevention of inflation is necessary and a course of action is suggested.

CAN YOU OUTSMART INFLATION? If Not, What Can You Do To Stop It?

By JAMES L. WICK

ONE DAY in 1923 when Germany's runaway inflation was approaching its climax, an American was eating in one of Berlin's finest restaurants. He tossed a tip on the table. The waiter said: "Last week I bought this restaurant for what seemed to be an outrageous price. Today your little tip pays the entire cost. Thank you, Mein Herr."

Tens of thousands, who have heard similar "rags-to-riches" stories, secretly wish runaway inflation would come to the United States. If they were sure it was coming, their program would be to go heavily into debt, buy real estate on mortgage, buy common stocks, and have their businesses pile up inventories.

Those who hold these naive beliefs have not reckoned with the irrational responses, including the imposition of paralyzing Government controls, of a desperate population threatened with the destruction of its lifetime savings.

GERMAN INFLATION reached its peak in 1923: a picture postcard, which once had sold for 8 cents, at the peak was priced at a sum in depreciated marks which would have equalled the pre-inflation value of the whole of Germany. French inflation went on until 1926 when Poincare devaluated the franc by 80 per cent.

Certainly those events seem to spell a "speculators' paradise"; nevertheless, most of the speculators ended in the bankruptcy courts. Hugo Stinnes, a lesser figure in German industry before the Great Inflation, made one lucky gamble after another until he was acclaimed

"the richest man in the world." For a few weeks, he may have been; then bankruptcy. Why? Because — believe it or not — *despite skyrocketing inflation, he and his companies could not meet their debt payments!* (How this startling paradox can occur is explained further along in this article.)

To visualize inflation as it works in life rather than in legend, let me remind you of America's economic history from 1933 to 1939, when FDR engaged in a program of deliberate inflation.

Older persons will remember the NRA advertising campaigns in 1933: "Buy, buy, buy, before the prices rise!" During May and June, 1933, the public bought; but as soon as the price rise took place, the buying abruptly stopped. The result in the steel industry, for example, was peak operations for a short time; then a drop — halfway back to the bottom which had been reached in 1932!

In 1934, NRA Chief Hugh Johnson thought he could manufacture a new package of purchasing power by again raising wages and shortening hours. Result: another rush to buy; afterwards, decline.

The routine was repeated a third time in the spring of 1937. This time the leverage was applied by the new CIO unions. After the sit-down strikes had demonstrated what they, with Administration backing, would do to resisting employers, they began a general drive for higher wages and a 35 or 36-hour week. The same scare-buying followed to beat the higher prices;

the same depression followed until inventories were worked off. Very mild experiences, as we think back; but note the down movements that came as soon as buyers had loaded up with merchandise.

Explosive inflation, the kind that struck Germany and France, is a series of peaks and valleys with periods of terrible unemployment even during "a great inflationary boom."

The first problem posed by an overpowering inflation movement is that of working capital. Banks can't advance it because their customers are all trying to spend, not save, their money. Yet wages, raw materials and other costs may require many times normal working capital. Many old established German houses, cut off from their customary sources of working capital, were ruined.

Industry's second problem is whether to continue selling goods at all. In Germany, some firms were fooled by their rapidly growing volume into thinking they were making immense profits.

In future explosive inflations, many firms, recognizing the shrinking value of money, would prefer to close down altogether. But this is possible only if a firm has enough cash to "sit it out," to pay its taxes, principal and interest payments, and its unavoidable overhead. Even if it could, however, a firm is not eager to release its labor force, whose precision, skill and ability to work together, results in economical production; nor is it willing to sacrifice the good will, built up over many decades, of customers clamoring for goods. Therefore, its decision has to be to go on manufacturing and selling, but to hold down the necessary loss by cutting off "poor pays," rationing the remainder, and in general putting obstacles in the way of buying.

These are the difficulties of firms in a strong cash position. Companies with heavy obligations simply go into receivership.

MEANWHILE, angry mobs, unable to meet the rising cost of living, cry for political action. The Government first denies the existence of inflation; then blames it on profiteers, speculators, or foreign exchange manipulators.

After delaying action until far too late, the Government makes blind stabs in the dark to appease the inflamed populace. Government directives freeze prices, but prove futile because they try to police the final price instead of attacking the causes. Black market operators corner the supply of goods; the law violators get any price while the honest go broke.

In Germany the consequences, a seething sense of injustice and helplessness among the masses, were made to order for an Austrian paperhanger whose theme song was: "Give me full power and I will cure all your troubles." Hitler won some of his early support in 1923 by dinning the following charges into receptive German ears:

"The scoundrel will get by. But the decent, solid businessman who doesn't speculate will be utterly crushed; first the little fellow on the bottom, but in the end the big fellow on top too. But the scoundrel and the swindler will remain, top and bottom. The reason: the state itself has become the biggest swindler and crook. A robbers' state! . . ." (*Der Fuehrer*, by Konrad Heiden, p. 131.)

So you ask: Can you hedge against runaway inflation? Let's see.

You buy stock in John Doe & Company; you admire its conservative management. Seeing prices continuing to advance, Mr. Doe, reluctantly — and a little late — decides he must up his inventories. He has just accepted huge delivery when — smack! — the Government freezes prices as of three months before. That's the end of John Doe & Co. Inventory losses wrecked many a German firm which bought ahead — at just the wrong moment.

You buy a copper stock — figuring that raw material companies cannot be hurt. But a price-freezing order, following a big wage increase, produces circumstances under which, whether the company stops or goes on, it faces staggering losses.

You buy gold stocks; you think that certainly gold will profit from "the flight from paper." But the Government, driven by public clamor to plug every leak, also freezes the price of gold. Gold producers, having wage bills and mort-

gage payments, may then be in exactly the same position as copper producers.

You buy precious stones. But consider these factors: The seller must make a commission when you buy. Then, after the inflation is over and you want to convert your investment into cash, the buyer — presumably a jewelry manufacturer or wholesaler — must buy at a price allowing him to make a profit. Moreover, you bought when thousands of others had the same idea, and you sell when thousands want to get rid of hoarded jewels. You suffer a devastating loss both coming and going. You will be unusually lucky if you get 40 per cent to 50 per cent of the purchasing power you originally invested.

You buy land, “the best inflation hedge of all.” Most land-hedgers are city residents. But city folks think one piece of land is about the same as another; as a result, poor land has a bigger rise than better land.

If your land purchase is on mortgage, you may be forced to sell prematurely, to meet purchase installments or to free yourself from mounting taxes. If your land selection is bad, you take a staggering loss. If your selection is good, you may run into a 90 per cent capital gain tax such as was actually recommended by Secretary of Agriculture Wickard during World War II. (Great Britain passed a law during World War II freezing land prices at their 1939 levels.)

For political reasons, the first measures against inflation will attack symptoms (rising prices) rather than causes (excessive supply of liquid assets — currency, demand deposits, readily convertible savings, and war bonds). Superficial remedies like price controls can be imposed under the guise of “protecting innocent consumers against gouging merchants and manufacturers.” Only after these efforts have failed will the excessive supply of money and credit be attacked.

All currency then will be recalled and a new currency of limited amount issued — the only legal tender after a certain date. This has been standard operating procedure since 1945 — most sharply in countries which have recently gone Communist.

After these necessary moves, there is still a hazardous period ahead for a country making the transition from fiscal madness to fiscal sanity. Just before the crisis, large numbers of persons exchanged cash for land, common stocks, raw materials, precious stones — some using credit to gamble for an extra profit.

When Government finally issues its new post-inflation currency and some degree of confidence returns, the unnatural demand for “inflation-proof” properties suddenly comes to an end. The process is reversed. Everybody now wants to sell. Down go the prices. The excessive supply must be liquidated at panic prices before the country can start going along the hard tough road to stability.

HISTORY PROVES how negligible are your chances of making a “killing” out of inflation. Its unpredictable course, combined with the erratic, opportunist reactions of a harried Government, are too uncertain for intelligent planning.

What you can do is to GET OUT OF DEBT and stay there. If you buy stock, pick companies that are out of debt. If you buy real estate, pay in full. Hope to ride out the storm with as little loss as possible.

Can you outsmart runaway inflation? The answer is, you cannot! Therefore, let’s look at the causes of inflation and see what can be done about it.

Inflation is simply “too much money chasing too few goods.” To avoid the distress caused by unsound political and economic policies, the Government takes the “easy way” by turning to the creation of money and credit.

A major factor in causing economic distress among farmers, the aged and the fixed income groups has been the great rise in wages — much greater than the increase in productivity — since 1945 in the mass production, housing and other completely unionized industries.

This distortion in the economy will be increased if the AFL-CIO has its way. Union leaders have unofficially expressed their determination to achieve the following goals:

1. Wage increases of 5 per cent a year.

2. A 30-hour week — at 40 hours pay.
3. Annual vacations of 3 or 4 weeks plus a 3-month vacation every 5 years.
4. Pensions of \$250 to \$300 a month — men eligible at 60 and women at 55.
5. Unemployment benefits of 100 per cent of take-home, payable for 52 weeks (104 weeks, according to Reuther).
6. Minimum wage of \$1.75 an hour by 1962 with coverage extended to every business, no matter how small.

The power-hunger of the labor bosses can be curbed by a simple but effective method: pass a law applying the anti-trust laws to unions as well as industry.

A force for inflation even more important than excessive wage raises is lavish Government spending — which throughout history has always been followed by depreciation of the currency.

The Administration is already on the high road. Instead of cutting the budget to \$60 billions, as Candidate Eisenhower promised in 1952, his \$71.8 billion budget is much more likely to grow by 2 or 3 billions a year — “to keep up with population growth” — and if “Modern Republicanism” has its way, all hope of any future tax reductions can be abandoned. The nickname “High Tax Ike” is already taking the place in Washington of “High Tax Harry.”

THE COUNTERATTACK MUST begin with re-education in the basic principle behind America's progress.

The success of our form of government has been due only in part to the usual assumptions: that we have a system of popular voting, representative government, and checks and balances.

These are essential, but it should now be clear that our spiritual freedom and our unparalleled material gains have been due to the inclusion of another element: limited government. Jefferson recognized its indispensability when he said: “Do not talk to me about the integrity of public officials. I say chain the politicians down to the limitations of the Constitution itself.”

To halt the seemingly irresistible inflation trend of Federal expenditures, the power to levy

income taxes must be curtailed by the Reed-Dirksen Amendment.* Better yet, repeal the Federal income tax.

Inflation is communism's secret weapon — so ran Lenin's message to the subversives who came to Moscow from all over the world. If, said Lenin, you will reduce the thrifty, self-reliant classes to helplessness by the destruction of their savings, the succeeding demoralization will make the Communist revolution easy.

The Spending Demagogues are willing to risk bringing on the deluge, if only they can win a few elections doing it. The answer to their program must be: “Let the people know.” If American voters are given the facts about Big Taxes and Big Spending, they will defeat the inflation mongers.

* The Reed-Dirksen amendment would limit the Federal income tax to a maximum rate of 25 per cent unless each House by a three-fourths vote votes a bottom rate higher than 25 per cent. In that case, the top rate cannot be more than 15 percentage points higher than the bottom rate.

What You Can Do About It: Why not start a Committee to Combat Inflation in your own community, county, or Congressional district?

Get the cooperation of the civic groups in your area. Have them ask for anti-inflation pledges from your Congressman and the two Senators from your own state — by letters, wires, phone calls and visits to Washington by individuals and groups. Don't accept a Congressman's meaningless statement, “I am opposed to a \$71.8 billion budget.” He will tell you that, even if the record shows that he votes in favor of every big spending program supported by such labor-dominated organizations as ADA and COPE. Therefore, ask him to be specific and tell you whether he favors (1) the application of the anti-trust laws to organized labor and (2) either the adoption of the Reed-Dirksen amendment or outright repeal of the Federal income tax.

The Revolt against the Budget is the most important political phenomenon since the startlingly successful revolt against court-packing in 1937. Help keep it going.

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